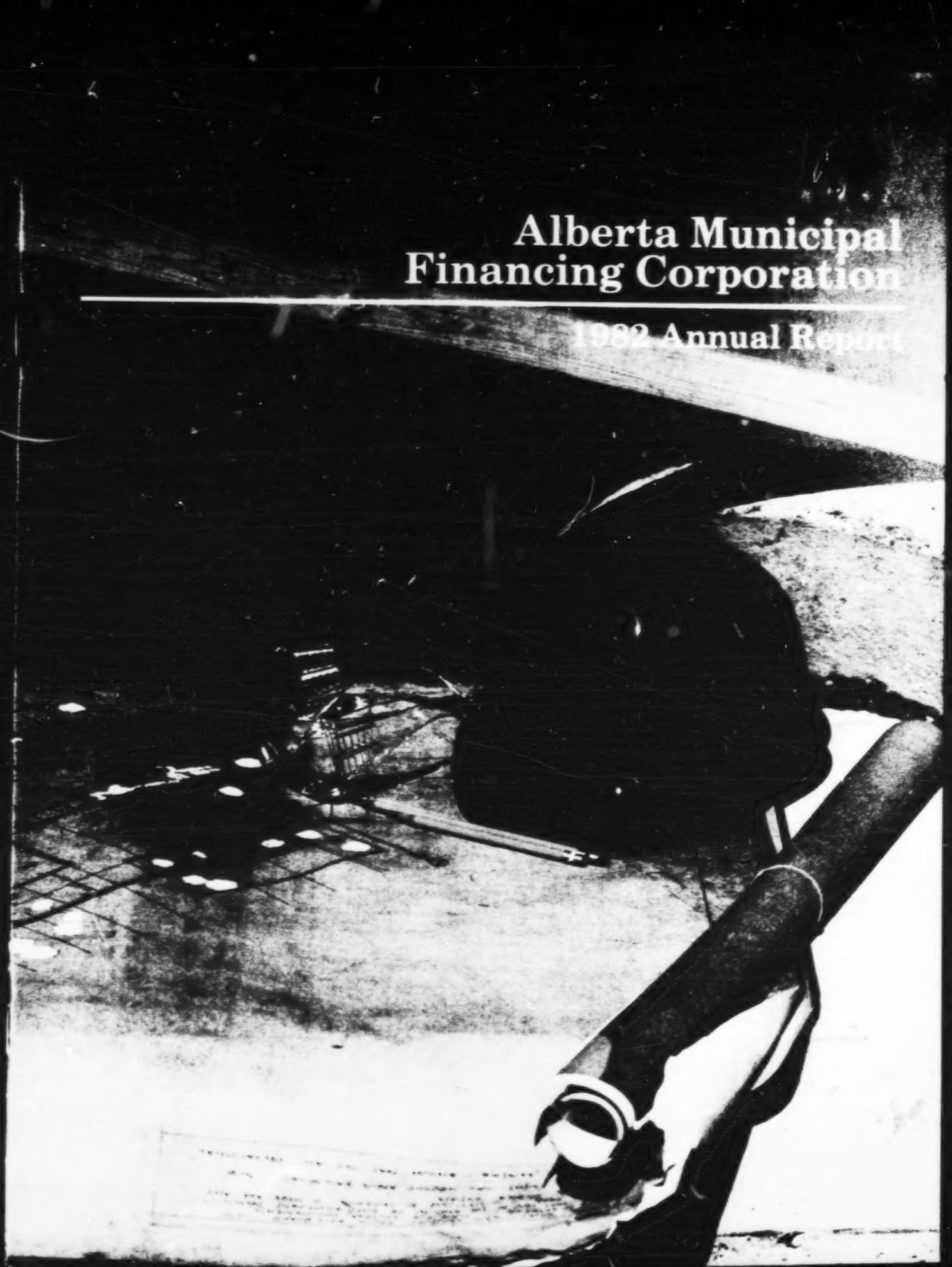
Alberta Municipal Financing Corporation

1982 Annual Report



Alberta Municipal Financing Corporation 1982

Directors

Appointed	A. F. Collins
	Dr. E. J. Hanson
	R. A. Splane
	F. G. Stewart
Elected	M. R. Parker — representing Class B shareholders
	A. F. Womack — representing Class C shareholders
	M. J. Schmitke — representing Class D shareholders
	E. Murray — representing Class E shareholders

Officers

President and Chairman of the Board	F. G. Stewart
Honorary Chairman	C. P. Hayes
Vice-President	M. R. Parker
General Manager	H. H. Strohbach
Assistant General Manager	J. D. Peters
Secretary-Treasurer	G. T. Dodds

Offices

General Manager
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9515 - 107 Street
Edmonton, Alberta
T5K 2C3
Telephone: (403)427-3052

Secretary-Treasurer
Sir Frederick W. Haultain Building
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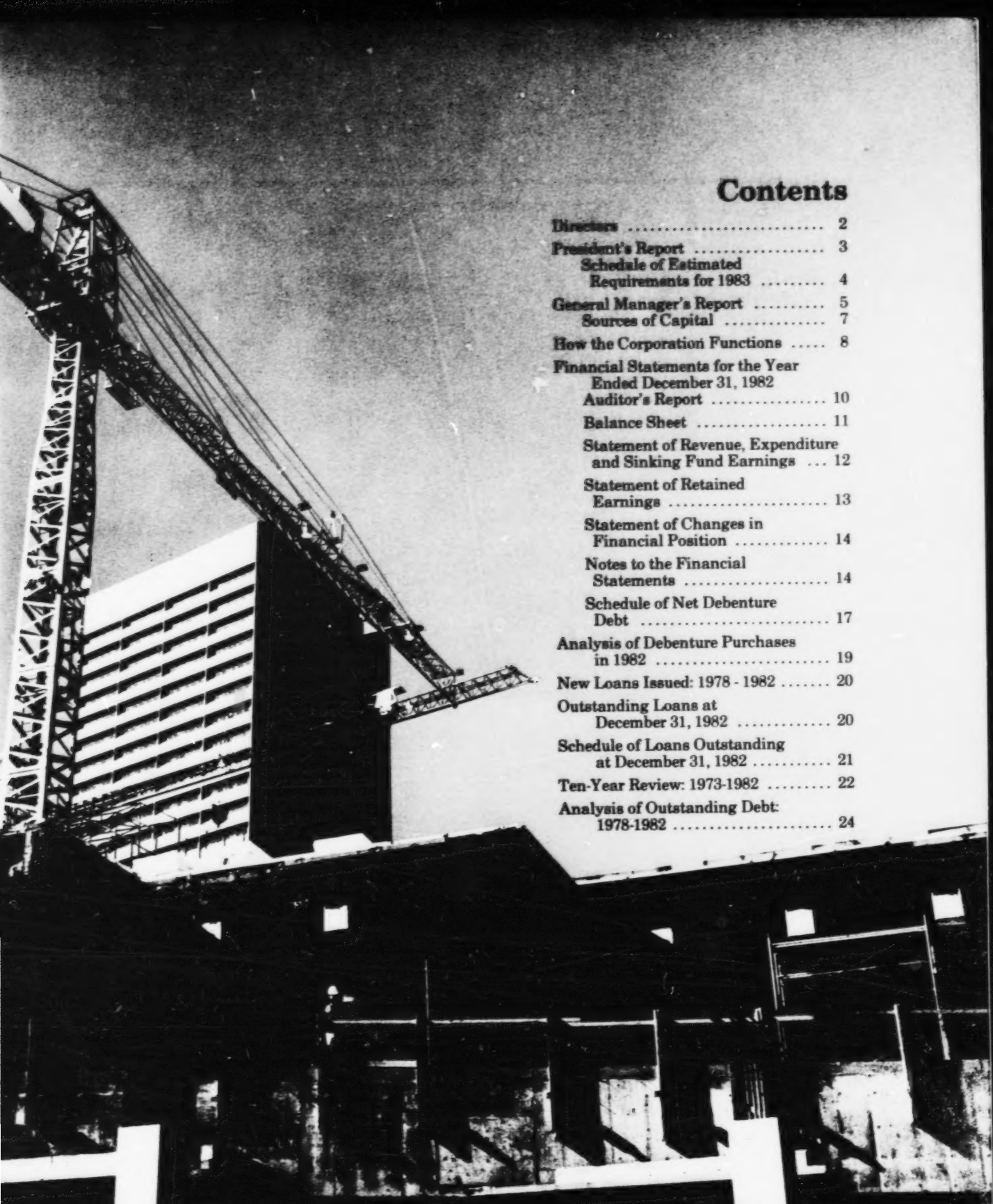

Edmonton Convention Centre under construction

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Board of Directors

A. F. Collins
M. R. Parker

A. F. Womack
R. A. Splane

M. J. Schmitke
E. Murray

Dr. E. J. Hanson
C. P. Hayes

President's Report

March 8, 1983

F. G. Stewart, President
and Chairman of the Board

1982 LOANS

The largest annual volume of new loans in the history of the corporation was made in 1982. New loans totalled $1.12 billion, compared to $844 million in the previous year — an increase of 32.7 per cent. This increase in new loans was applicable to all areas of capital borrowing, with municipal loans up by 32.6 per cent and school loans up by 27.7 per cent. These loan increases were similar to those experienced in 1979 and 1980 after some moderation had occurred in 1981.

TOTAL LOANS

Total outstanding loans passed the $4 billion level in December, 1982. This is equal to more than $1,700 of debt for each resident of Alberta. Although some of the outstanding loans are for self-supporting utilities and local improvements which are a direct charge on frontage, the per capita debt figure is still somewhat awesome. In this connection, it should be noted that the corporation has not written off any uncollectible debt in its history and no provision for doubtful accounts is contained in the financial statements forming part of this annual report.

ESTIMATED LOANS FOR 1983

The unprecedented high borrowings by Alberta municipal authorities reflects the continuing high level of services being provided to the residents of this province. High interest rates prevailing in the first part of 1982 had no impact on the volume of new loans issued by the corporation, as Alberta Municipal Affairs continued to subsidize these loans back to an effective interest rate level of 11 per cent per annum. The introduction early in 1982 of a five-year subsidy limit applicable to most new loans may have some impact on 1983 requirements. This limit, combined with the general decline in economic activity in the province, seems to be reflected in the 1983 borrowing estimates shown in the Schedule of Estimated Requirements at the end of this report. Based on estimates received, we are forecasting new loans in 1983 will decline to about $910 million from the 1982 level of $1.12 billion.

PUBLIC ISSUE

An event of significant importance took place near the end of the year, when the Province decided that the Alberta Heritage Savings Trust Fund was no longer in a position to provide the financing requirements of the corporation. As a result, a $250 million, 20-year Canadian public debenture issue was arranged on December 7, 1982, being the first public issue since 1970. Subsequently, a further $200 million issue of the same series of debentures was sold on February 16, 1983. Both issues were well received by investors.

INTEREST RATES

Interest rates on loans to municipal authorities remained high during the first nine months of 1982, but dropped sharply in the final months of the year. Thus, the rate for a 20-year term loan was reduced from a high of 17 per cent to 13-1/4 per cent by year end. The rate setting process was complicated in 1982 by large portions of our borrowing carrying terms ranging from five to eight years, while most of these funds were loaned to our shareholders for 20- and 25-year terms.

Continued

In early 1982, preceding the last annual meeting, the AMFC Board of Directors was considering a proposal to eliminate 25-year loans and to provide for the renewal of interest rates at five-year intervals on all other loans. At that time, the corporation was obtaining most of its funds for terms ranging from five to seven years. This matter is still before the Board, but the interest reopener provision may not be as critical at this time if we can continue to obtain long-term money in the public markets.

NATIONAL ACTIVITY

Turning now to those public markets and the national scene, the borrowing activity of all Canadian municipalities, including municipal financing authorities, produced gross new issues of approximately $1.4 billion in public markets. An estimated additional $816 million was sold directly to provinces and their agencies, for a total of approximately $2.2 billion during 1982.

The amount done in public markets was the largest since 1977. This was probably due to the large backlog of municipal financing which had been postponed due to high interest rates but which could no longer be delayed during 1982. The total level of municipal borrowing activity was still below $2.3 billion in 1976, but had risen considerably from $1.7 billion in 1978.

In 1982, the previous trend towards less borrowing in public markets, compared to issues sold directly to provinces and their agencies, was reversed. Public financing as a percentage of total new municipal financing was approximately 63 per cent, compared to 42 per cent in 1981.

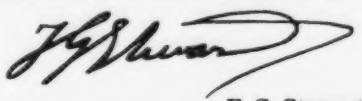
FOREIGN SOURCES

Borrowing in the United States and foreign markets of approximately $670 million was up considerably from last year's $380 million, and represented about 31 per cent of the total new financing in 1982. In the summer months, the yield spread between United States and Canadian bonds favoured financing done in the United States, but these yield spreads disappeared towards the end of 1982 and less financing was done in the United States in the latter part of 1982.

CHANGE IN ISSUE PARAMETERS

The trend toward shorter maturities continued during most of 1982 as investor uncertainty about the future direction of interest rates made it very difficult to market issues beyond five or ten years. At the beginning of the year, under comparatively high interest rates, an average municipal borrower paid 17 per cent for a five- to 10-year term. In August, the turnaround in investor perceptions of the trend in interest rates seemed to occur, with rates declining and terms beginning to lengthen.

In closing, let me take this opportunity to express my sincere appreciation to our directors and staff for the efficient management of the affairs of the corporation over this past year.



F. G. Stewart
President and Chairman of the Board

Schedule of Estimated Requirements (thousands of dollars)

By Jurisdiction	1983 Estimated	1982 Actual	1982 Estimated	1981 Actual
Cities	$642,498	$ 858,068	$ 944,994	$582,833
Towns	65,938	58,635	136,790	90,751
Villages	10,646	4,249	15,162	8,678
Counties, municipal districts and improvement districts	44,738	40,853	70,138	49,172
Hospital and nursing home districts	5,000	800	5,000	4,715
School divisions and districts	184,297	157,183	159,638	107,726
	$953,117	$1,119,788	$1,331,722	$843,875
By Purpose				
Municipal	$733,780	$913,450	$1,136,822	$688,728
Hospital	5,000	19,332	5,000	8,715
School	214,337	187,006	189,900	146,432
	$953,117	$1,119,788	$1,331,722	$843,875

General Manager's Report

March 8, 1983

H. H. Strohbach,
General Manager

During 1982, Alberta municipalities and school jurisdictions continued to make unprecedented high demands for capital loans on the corporation. Over $1 billion in new loans was issued during the year — a new record for the corporation.

SOURCE OF FUNDS

To finance these loans and to service its debt, the corporation issued $1.117 billion of debenture debt in 1982, an increase of $273 million or 32.3 per cent over the preceding year. Of this total, $342 million was obtained from the Canada Pension Plan Investment Fund and $775 million was borrowed from the Provincial Treasurer. The details of the $775 million in debentures sold to the Provincial Treasurer are as follows:

$ Million	Rate	Maturity	Price	Effective Cost
110	16.00%	1-Mar-88	98.690	16.35%
40	15.75%	3-May-87	99.630	15.86%
50	15.375%	15-Jun-87	99.640	15.48%
70	16.875%	3-Aug-87	99.868	16.91%
210	15.50%	1-Sep-87	99.830	15.55%
150	13.50%	1-Nov-89	100.000	13.50%
145	11.875%	1-Dec-90	100.000	11.875%

VARIANCE IN LENDING AND BORROWING TERM

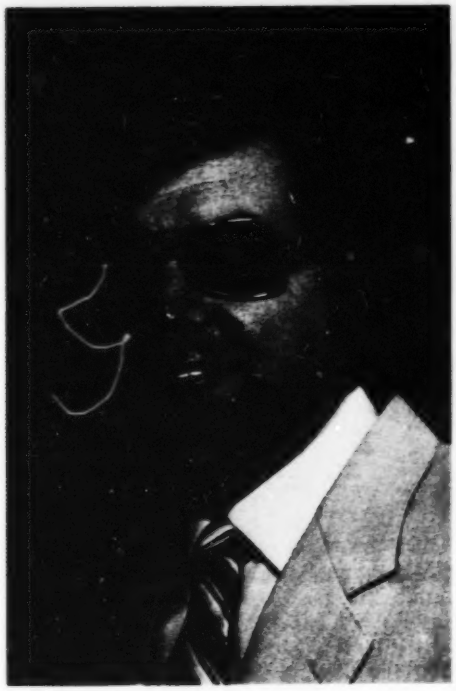
All of these debt issues are for short terms ranging from five to eight years. This was somewhat disturbing from a management perspective, since short-term borrowing represented almost 70 per cent of our total 1982 borrowing while almost 75 per cent of the total loans issued to municipal authorities in that period were for 20 and 25 years. Fortunately, the imbalance was remedied in part by subsequent events.

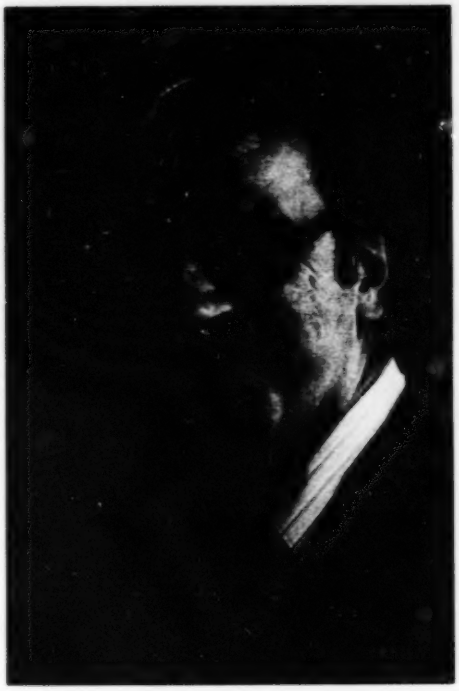
PUBLIC ISSUE

During 1982, the Province of Alberta made a number of policy decisions to stimulate the Alberta economy. As a result of these decisions, the Alberta Heritage Savings Trust Fund will not have sufficient new funds to finance the needs of the AMFC and other Crown corporations. It was therefore decided that, with the Provincial Treasurer acting as the fiscal agent for the corporation, AMFC would raise long-term funds in public markets for the first time since 1970.

These borrowings will be unconditionally guaranteed by the Province of Alberta as to principal and interest and will be managed in the Canadian markets by Burns Fry

Continued





J. D. Peters
Assistant General Manager

G. T. Dodds
Secretary-Treasurer

Limited, Dominion Securities Ames Limited, Merrill Lynch, Royal Securities Limited and Nesbitt Thompson Bongard Inc. On December 7, 1982, this management group of underwriters recommended that a $250 million 12¼ per cent sinking fund debenture issue be placed in the Canadian market for a 20-year term to mature December 15, 2002. The issue was priced at $98.625 to yield 12.44 per cent and was generally well received.

On February 16, 1983, a further $200 million of the previous debenture issue was placed in the Canadian market at a price of $97.625 to yield approximately 12.57 per cent. This increased the size of the series "AT" debenture issue to $450 million with a beneficial effect on investors' liquidity. The issue was sold out quickly.

CANADA PENSION PLAN FUNDS

The Province of Alberta continued to make the monies from the CPP Investment Fund available to the corporation. The $342 million received from this Fund in 1982 represented 30 per cent of our total borrowing requirements. The estimate of the CPP funds available in 1983 is $310 million — a decrease of $32 million, or nine per cent, compared to the $342 million received in 1982. These funds are still available on a 20-year term subject to early recall on six months notice. No early calls have been made to date by the Fund. The first regular maturity arises in 1986, so it is hoped that most of this debt will remain outstanding for the full term.

OUTSTANDING DEBT AND BORROWING LIMIT

The present borrowing limit of the corporation as set out in the AMFC Act is $5.8 billion. This compares to a total outstanding debt of the corporation at December 31, 1982 of $4.6 billion. Of this total, $2.3 billion is held by the Canada Pension Plan Investment Fund, $1.9 billion by the Government of Alberta and the remainder is in the form of public debenture debt. The corporation's historical sources of capital are summarized in the table at the end of this report.

SINKING FUND

Most debenture debt incurred by the corporation is subject to a sinking fund provision, as this structure is viewed favourably by the investing public. The assets of our sinking fund totalled $665 million at the end of 1982, compared to $480 million at December 31, 1981. Of the total investments held in the sinking fund, $146 million is in the form of AMFC debentures acquired in the market. Two public issues totalling $41 million will mature in

1983. The corporation holds $25.7 million of these issues in its sinking fund and no borrowing will be required to retire both issues in full.

In closing, I want to express my appreciation to our Board of Directors, our staff and the many Alberta Treasury staff members who have provided a variety of services to the corporation.

H. H. Strohbach
General Manager

Office personnel Eleanor Peacock (left) and Jacqueline Hui check municipal files.

Sources of Capital (thousands of dollars)

Held By	Original Issue	Gross Outstanding December 31, 1982	Outstanding as a Percentage of Total
Canada Pension Plan Investment Fund	$2,340,326	$2,340,326	50.4%
Government of Alberta	1,949,000	1,949,000	42.0
Public:			
Canada	356,000	315,180	6.8
United States	150,000	40,854	0.8
	$4,795,326	$4,645,360	100.0%

How the Corporation Functions

PURPOSE

The Alberta Municipal Financing Corporation is a non-profit corporation. It assists municipal jurisdictions within the province to obtain capital funds at the lowest possible cost through access to capital markets which would not be available to them on an independent basis.

AUTHORITY

The corporation was established in 1956 under the authority of the Alberta Municipal Financing Corporation Act, being Chapter 3 of the Statutes of Alberta 1956 (R.S.A., 1980 Ch. A-33).

SHAREHOLDERS

The authorized stock of the corporation consists of the following shares with a par value of $10 each:

- 4500 Class A, available only to the Crown
- 1000 Class B, available only to municipalities (defined as including municipal districts, counties, improvement districts and special areas) and to approved hospitals and hospital districts.
- 750 Class C, available only to cities
- 750 Class D, available only to towns and villages
- 500 Class E, available only to school districts and divisions.

The business of the corporation is administered by a board of directors. The Lieutenant Governor in Council appoints five directors to represent the Class A common shareholder. Each of the other four classes of shareholders elects one director to the Board.

REGULATIONS

The Regulations presently in force provide that applications for loans from the corporation must be accompanied by audited financial statements of the applicant, as well as a detailed estimate of the cost of the capital project for which the funds are required.

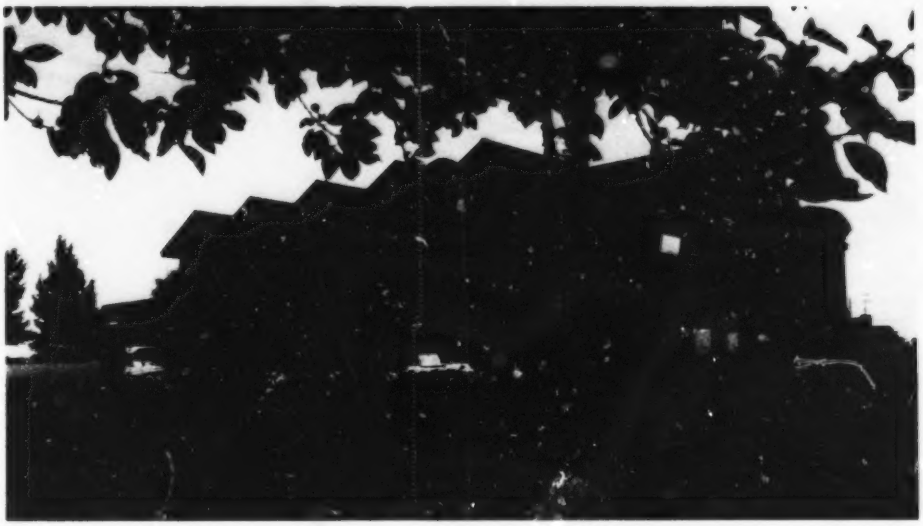
All applications, except those for hospital purposes, must have the approval of the Local Authorities Board of the province as evidence that the applicant has satisfied the provisions of provincial legislation, including debt limitation, related to the borrowing. Maximum terms of loans for various projects are prescribed in the Loan Regulations.

LOANS AND FINANCING

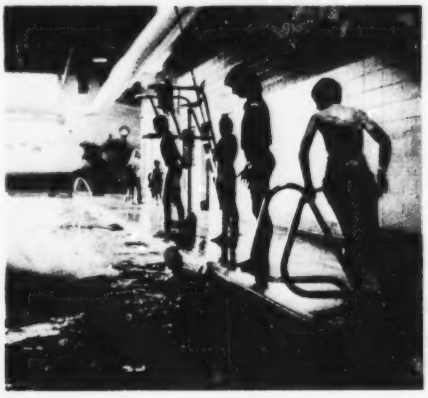
Funds are paid to borrowers in exchange for debentures. Loans to municipal and hospital authorities are secured by debentures repayable in equal annual instalments of blended principal and interest. Loans for school purposes are secured by debentures repayable in equal annual instalments of principal plus interest.

The corporation issues various debt obligations to obtain the funds necessary to finance loan requirements. These obligations of the corporation carry the unconditional guarantee of the Province of Alberta.

Recreational Projects



Medicine Hat Golf and Country Club



High Prairie Sports Palace (left), Okotoks Recreation Complex and Wetaskiwin Swimming Pool

Camrose Golf Course

ALBERTA LEGISLATURE

OFFICE OF THE AUDITOR GENERAL

Auditor's Report

To the Shareholders
of the Alberta Municipal Financing Corporation

I have examined the balance sheet of the Alberta Municipal Financing Corporation as at December 31, 1982 and the statements of revenue, expenditure and sinking fund earnings, retained earnings, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the corporation as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in the method of accounting for debenture debt repayable in United States dollars as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

C.A.
Auditor General

Edmonton, Alberta
March 8, 1983

Statement A

Balance Sheet

As at December 31, 1982
(thousands of dollars)

	1982	1981
ASSETS		
Deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta	**$ 19,744**	$ 20,023
Accrued interest receivable	**184,976**	121,273
Loans to municipal authorities	**4,117,419**	3,116,029
	$4,322,139	$3,257,325
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accrued interest payable	**$ 124,550**	$ 85,614
Net debenture debt (Schedule 1 and Notes 4, 5 and 6)	**3,967,670**	3,043,543
	4,092,220	3,129,157
Shareholders' Equity:		
Share capital: (Note 7):		
Authorized: 7,500 common shares, par value $10 per share		
Issued and fully paid:		
1982 — 6,250 shares (1981 — 6,246 shares)	**63**	63
Retained earnings, Statement C	**229,856**	128,105
	229,919	128,168
	$4,322,139	$3,257,325

The accompanying notes are part of these financial statements.

Statement of Revenue, Expenditure and Sinking Fund Earnings

For the year ended December 31, 1982 (thousands of dollars)

Statement B

	1982	1981
Revenue:		
Interest on loans	**$448,455**	$294,707
Interest on deposits	**2,232**	1,667
Gain on redemption of debenture debt	**1,140**	1,618
	451,827	297,992
Expenditure:		
Interest on debentures	**462,455**	303,901
Amortization of debenture discount	**2,824**	820
Exchange losses (gains) on foreign debt	**1,503**	(357)
Administration expense	**230**	180
Other interest	**30**	141
Directors' and officers' fees and expenses	**12**	10
Miscellaneous expense	**27**	33
	467,081	304,728
Operating income (loss)	**(15,254)**	(6,736)
Sinking fund earnings:		
Investment income before the undernoted	**65,952**	48,575
Net loss on sale of investments	**(4,518)**	(2,636)
Decrease (increase) in provision for decline in value of marketable securities	**55,571**	(23,552)
Investment income, net	**117,005**	22,387
Excess of revenue and sinking fund earnings over expenditure	**$101,751**	$ 15,651

Statement C

Statement of Retained Earnings

For The Year Ended December 31, 1982
(thousands of dollars)

	General Fund	Sinking Fund	1982 Total	1981 Total
Balance at beginning of year				
— as previously reported	$(344,836)	$480,475	**$135,639**	$121,928
— prior years' adjustment	(7,534)	—	**(7,534)**	(9,474)
— as restated	(352,370)	480,475	**128,105**	112,454
Operating income (loss) ...	(15,254)	—	**(15,254)**	(6,736)
Sinking fund earnings	—	117,005	**117,005**	22,387
Contributions to sinking fund	(67,305)	67,305	**—**	—
Balance at end of year	$(434,929)	$664,785	**$229,856**	$128,105
Balance comprises:				
Total contributions to sinking fund	$(393,203)	$393,203	**$ —**	$ —
Other	(41,726)	271,582	**229,856**	128,105
	$(434,929)	$664,785	**$229,856**	$128,105

Statement of Changes in Financial Position

For the year ended December 31, 1982
(thousands of dollars)

Statement D

	1982	1981
Cash was provided from:		
Debenture debt issues:		
Canada Pension Plan Investment Fund	**$ 341,673**	$ 265,111
Province of Alberta	**775,000**	579,000
Loan repayments	**118,398**	101,582
	1,235,071	945,693
Cash was applied to:		
Operating loss, Statement B	**15,254**	6,736
Add (deduct) non-cash items:		
Gain on redemption of debenture debt	**1,140**	1,618
Amortization of debenture discount	**(2,824)**	(820)
Accrued portion of interest	**24,767**	10,089
Cash applied to operations	**38,337**	17,623
New loans	**1,119,788**	843,875
Reduction of debenture debt	**7,702**	8,606
Discount on sale of debentures	**2,218**	12,801
Contributions to the sinking fund (Note 4)	**67,305**	52,332
	1,235,350	935,237
Net increase (decrease) in deposits in the Consolidated Cash Investment Trust Fund	**$ (279)**	$ 10,456

Notes to the Financial Statements

December 31, 1982

Note 1 Authority

The Alberta Municipal Financing Corporation operates under the authority of the Alberta Municipal Financing Corporation Act, Chapter A-33, Revised Statutes of Alberta 1980.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Sinking Fund: On redemption of each debenture debt issue, the accumulated contributions from the general fund together with related accumulated earnings are transferred from the sinking fund to the general fund. The corporation records its sinking fund marketable securities at the lower of aggregate cost or market value. Investments in debentures of the corporation are recorded at amortized cost.

(b) Foreign Currency Translation: Assets and liabilities denominated in United States dollars are translated into Canadian dollars at the rate in effect at the balance sheet date. All realized and unrealized exchange gains or losses are included in the determination of income.

Note 3 Change in Accounting Policy

Debenture debt repayable in United States dollars is now translated into Canadian dollars at the rate in effect at the balance sheet date. Prior to 1982 debenture debt repayable in United States dollars was recorded on the basis that one United States dollar equalled one Canadian dollar. This change in accounting policy has been applied retroactively and accordingly the 1981 financial statements have been restated. As a result of this change, 1982 operating loss decreased by $146,000, and the operating loss for 1981, as previously reported, decreased by $1,940,000. The balances of retained earnings at January 1, 1981 and January 1, 1982 have been adjusted for the effect of applying retroactively the change in accounting policy as follows:

	1982	1981
	(thousands of dollars)	
Retained earnings at beginning of year, as previously reported	**$135,639**	$121,928
Adjustment for the cumulative effect on prior years	**(7,534)**	(9,474)
Retained earnings at beginning of year, as restated	**$128,105**	$112,454

Note 4 Sinking Fund Assets (thousands of dollars)

	1982 Par Value	1982	1981
Marketable securities, at amortized cost:			
Bonds and debentures:			
Provincial, direct and guaranteed:			
— Alberta	$ 44,969	**$ 44,022**	$ 43,106
— Other	54,695	**51,588**	69,158
Corporations	79,866	**69,487**	20,159
Government of Canada, direct and guaranteed	193,365	**191,159**	157,203
Municipal	4,842	**4,895**	3,049
	$377,737	**361,151**	292,675
United States Treasury bonds	(U.S.$ 11,000)	**13,477**	3,007
		374,628	295,682
Bond coupons:			
Government of Canada, direct		**24,497**	—
Notes and treasury bills		**70,549**	19,426
United States deposit receipts		**—**	9,661
		469,674	324,769
Less: Decline in value		**—**	55,571
Marketable securities, at lower of aggregate cost or market value (market value $478,031; 1981 — $269,198)		**469,674**	269,198
Investments in debentures of the corporation, at amortized cost		**146,067**	129,660
Deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta		**34,246**	70,458
Accrued interest receivable		**14,798**	11,159
		$664,785	$480,475

The net increase in sinking fund assets for the year ended December 31, 1982 amounting to $184,310 (1981 $74,719) was financed as follows:

	1982	1981
Contributions from the general fund	**$ 67,305**	$ 52,332
Sinking fund earnings	**117,005**	22,387
	$184,310	$74,719

Note 5 Debenture Debt

(a) The debenture debt of the corporation is fully guaranteed by the Government of the Province of Alberta.

(b) Debentures amounting to $2,340,326,000 held by the Canada Pension Plan Investment Fund are redeemable at the option of the Minister of Finance of Canada by giving six months notice in writing to the Provincial Treasurer and observing the other redemption provisions of the debentures.

Note 6 Commitments (thousands of dollars)

The payments required to meet sinking fund and debenture redemption requirements during each of the next five years are as follows:

	Sinking Fund	Debenture Redemption	Total
1983	$ 86,368	$ 11,171	$ 97,539
1984	85,868	13,703	99,571
1985	85,868	10,746	96,614
1986	84,868	238,257	323,125
1987	83,000	515,524	598,524
	$425,972	$789,401	$1,215,373

Note 7 Share Capital

Particulars of share capital are summarized hereunder:

		Number of shares		
Class	Restricted to	Authorized	Issued and Fully Paid	Total Dollar Amount
A	Provincial Treasurer	4,500	4,500	$45,000
B	Municipalities and hospitals	1,000	846	8,460
C	Cities	750	451	4,510
D	Towns and villages	750	319	3,190
E	Schools	500	134	1,340
		7,500	6,250	$62,500

3 Class B shares and 2 Class E shares were issued and 1 Class E share was redeemed during the year at $10 each.

Note 8 Comparative Figures

The 1981 figures have been restated where necessary to conform to 1982 presentation.

Note 9 Approval of Financial Statements

These financial statements were approved by management on March 8, 1983.

Schedule 1

Schedule of Net Debenture Debt

As at December 31, 1982

(thousands of dollars)

Date of Issue	Maturity Date	Interest Rate	Original Issue	Principal Outstanding	Deduct Sinking Fund Assets (Note 4)	Net Debenture Debt
Provincial Treasurer						
Sep 01, 1981	Sep 01, 1986	16.00 %	$ 78,000	$ 78,000	$ 1,675	$ 76,325
Oct 15, 1981	Oct 15, 1986	18.00	100,000	100,000	2,147	97,853
Dec 01, 1981	Dec 01, 1986	15.875	70,000	70,000	1,503	68,497
May 03, 1982	May 03, 1987	15.75	40,000	40,000	—	40,000
Jun 15, 1982	Jun 15, 1987	15.375	50,000	50,000	—	50,000
Aug 03, 1982	Aug 03, 1987	16.875	70,000	70,000	—	70,000
Sep 01, 1982	Sep 01, 1987	15.50	210,000	210,000	—	210,000
Sep 15, 1981	Sep 15, 1987	16.25	85,000	85,000	1,825	83,175
Nov 16, 1981	Nov 16, 1987	17.25	86,000	86,000	1,846	84,154
Mar 01, 1982	Mar 01, 1988	16.00	110,000	110,000	—	110,000
Jul 15, 1981	Jul 15, 1988	16.00	45,000	45,000	966	44,034
Nov 01, 1982	Nov 01, 1989	13.50	150,000	150,000	—	150,000
Dec 01, 1982	Dec 01, 1990	11.875	145,000	145,000	—	145,000
Nov 01, 1979	Nov 01, 1999	11.70	70,000	70,000	5,164	64,836
Mar 03, 1980	Mar 03, 2000	13.45	35,000	35,000	1,641	33,359
Jul 02, 1980	Jul 03, 2000	11.75	30,000	30,000	1,407	28,593
Aug 15, 1980	Aug 15, 2000	13.20	35,000	35,000	1,641	33,359
Nov 17, 1980	Nov 17, 2000	13.75	75,000	75,000	3,517	71,483
Dec 01, 1980	Dec 01, 2000	13.65	50,000	50,000	2,345	47,655
Dec 17, 1979	Dec 15, 2000	11.85	70,000	70,000	5,164	64,836
Dec 15, 1980	Dec 15, 2000	13.60	155,000	155,000	7,269	147,731
Mar 02, 1981	Mar 02, 2001	14.10	30,000	30,000	644	29,356
Jun 15, 1981	Jun 15, 2001	16.25	85,000	85,000	1,825	83,175
Oct 01, 1980	Oct 01, 2001	13.66	75,000	75,000	3,517	71,483
Total				1,949,000	44,096	1,904,904
Canada Pension Plan Investment Fund (Note 5 (b))						
Dec 01, 1966	Dec 01, 1986	5.44	40,764	40,764	27,673	13,091
Dec 01, 1967	Nov 01, 1987	5.57	55,194	55,194	32,151	23,043
Dec 02, 1968	Nov 04, 1988	6.56	65,019	65,019	33,960	31,059
Dec 01, 1969	Nov 03, 1989	7.32	76,618	76,618	35,673	40,945
Dec 01, 1970	Nov 02, 1990	8.06	78,282	78,282	32,284	45,998
Dec 01, 1971	Nov 01, 1991	7.18	92,130	92,130	33,419	58,711
Dec 15, 1972	Jun 01, 1992	7.13	54,599	54,599	17,280	37,319
Dec 15, 1973	Sep 04, 1993	7.44	85,433	85,433	23,368	62,065
Nov 15, 1974	Oct 01, 1994	8.34	98,318	98,318	22,972	75,346
Nov 14, 1975	Oct 01, 1995	8.7	137,694	137,694	27,086	110,608
Oct 15, 1976	Sep 01, 1996	9.06	140,685	140,685	22,872	117,813
Oct 14, 1977	Sep 01, 1997	9.06	163,457	163,457	21,423	142,034
Oct 16, 1978	Sep 01, 1998	9.31	176,645	176,645	18,011	158,634
Nov 15, 1979	Oct 01, 1999	10.04	219,206	219,206	16,170	203,036
Nov 14, 1980	Oct 01, 2000	12.35	222,367	222,367	10,428	211,939
Sep 15, 1981	Aug 01, 2001	14.18	216,739	216,739	4,072	212,667
Jun 01, 1982	Jun 01, 2002	15.75	274,735	274,735	—	274,735
Jul 02, 1982	Jul 02, 2002	15.38	31,251	31,251	—	31,251
Aug 03, 1982	Aug 03, 2002	16.53	25,236	25,236	—	25,236
Sep 01, 1982	Sep 01, 2002	15.54	24,893	24,893	—	24,893
Oct 01, 1982	Oct 01, 2002	14.16	21,425	21,425	—	21,425
Nov 01, 1982	Nov 01, 2002	13.43	26,249	26,249	—	26,249
Dec 01, 1982	Dec 01, 2002	12.01	13,387	13,387	—	13,387
Total				2,340,326	378,842	1,961,484

(continued on next page)

Schedule 1 (continued)

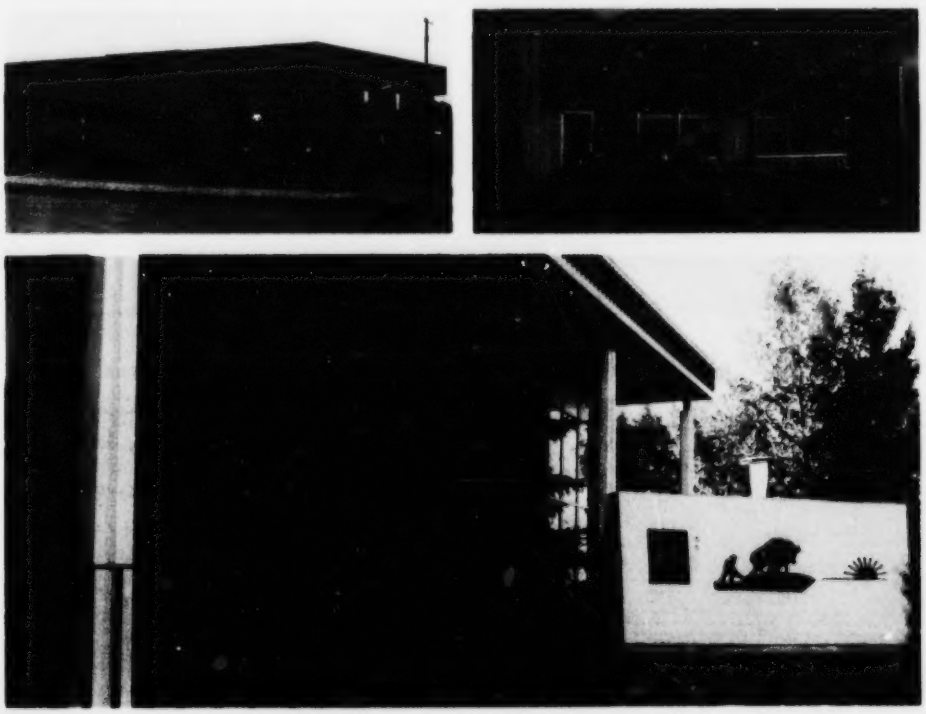
Date of Issue	Maturity Date	Interest Rate	Original Issue	Principal Outstanding	Deduct Sinking Fund Assets (Note 4)	Net Debenture Debt
Public, payable in Canadian dollars						
Apr 01, 1961	Apr 01, 1983	5-1/2	21,000	21,000	21,000	—
Dec 01, 1961	Dec 01, 1983	5-1/4	20,000	20,000	20,000	—
Apr 16, 1962	Apr 16, 1984	5-1/4	15,000	15,000	15,000	—
Jun 01, 1964	Jun 01, 1984	5-1/2	25,000	25,000	22,508	2,492
May 15, 1963	May 15, 1985	5-1/4	20,000	20,000	19,667	333
Dec 01, 1965	Dec 01, 1985	5-1/2	25,000	25,000	18,906	6,094
Nov 01, 1963	Nov 01, 1986	5-1/2	25,000	25,000	23,574	1,426
Jun 15, 1965	Jun 15, 1987	5-1/4	25,000	25,000	19,087	5,913
Nov 01, 1969	Nov 01, 1989	8	15,000	56	37	19
Nov 15, 1966	Nov 15, 1989	6-1/4	25,000	25,000	16,241	8,759
Jun 01, 1970	Jun 01, 1990	8-5/8	28,000	2,124	1,085	1,039
Jun 15, 1966	Jun 15, 1991	5-3/4	25,000	25,000	16,459	8,541
May 15, 1967	May 15, 1992	6	35,000	35,000	20,699	14,301
Mar 15, 1968	Mar 15, 1993	7-1/4	25,000	25,000	13,260	11,740
Jun 03, 1968	Mar 15, 1993	7-1/4	27,000	27,000	14,324	12,676
Total				315,180	241,847	73,333
Public, payable in United States dollars						
May 15, 1959	May 15, 1984	4-3/4	50,000 U.S.	8,109	—	8,109
Dec 15, 1959	Dec 15, 1984	5	20,000 U.S.	3,311	—	3,311
Jun 15, 1960	Jun 15, 1985	4-7/8	30,000 U.S.	7,206	—	7,206
Nov 15, 1962	Nov 15, 1987	5	25,000 U.S.	9,640	—	9,640
Dec 15, 1964	Dec 15, 1989	4-5/8	25,000 U.S.	12,588	—	12,588
Total				40,854	—	40,854
				4,645,360	664,785	3,980,575
Less unamortized debenture discount				12,905	—	12,905
				$4,632,455	$664,785	$3,967,670

Analysis of Debenture Purchases

By Jurisdiction and Purpose For the Year Ended December 31, 1982 (thousands of dollars)

	Cities	Towns	Villages	Other	Total
Sewer and water	$191,693	$32,490	$3,288	$ 4,701	$ 232,172
Roads and sidewalks	171,096	11,960	496	—	183,552
Land	73,634	650	156	510	74,950
Municipal buildings	107,186	4,189	82	501	111,958
Equipment and machinery.	48,041	1,317	77	1,087	50,522
Utilities	152,012	247	—	886	153,145
Parks and recreation	98,006	6,162	150	617	104,935
Hospitals and nursing homes	16,400	1,120	—	1,812	19,332
Schools					
County	—	500	—	29,323	29,823
Divisions & districts	—	—	—	157,183	157,183
Irrigation	—	—	--	2,216	2,216
Total	$858,068	$58,635	$4,249	$198,836	$1,119,788

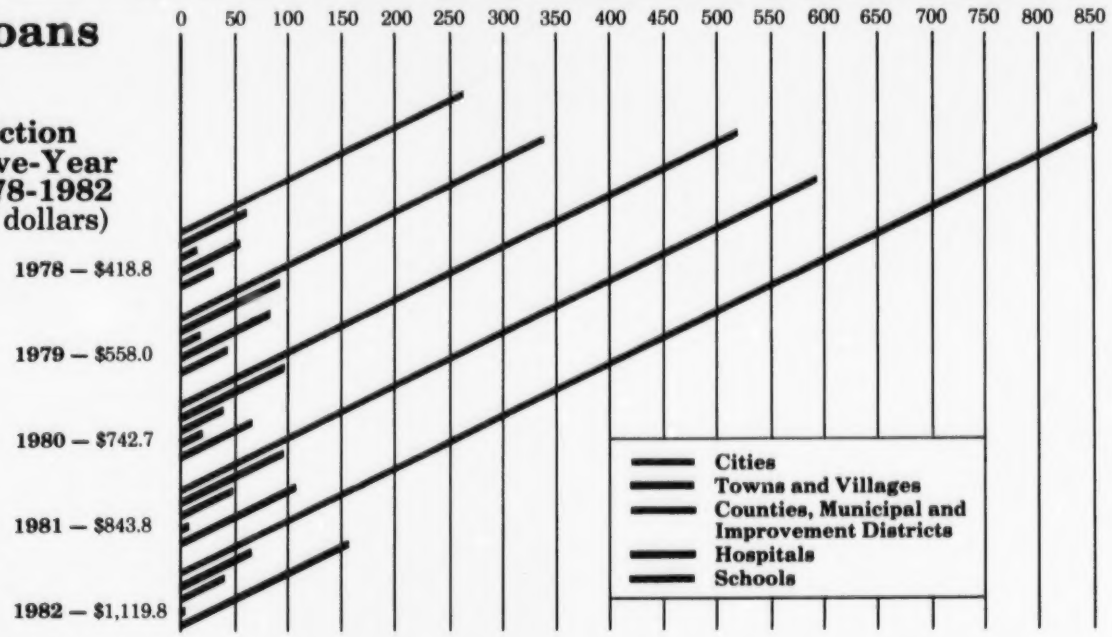
Municipal Offices



Donnelly (top left), Sexsmith and County of Leduc administrative offices

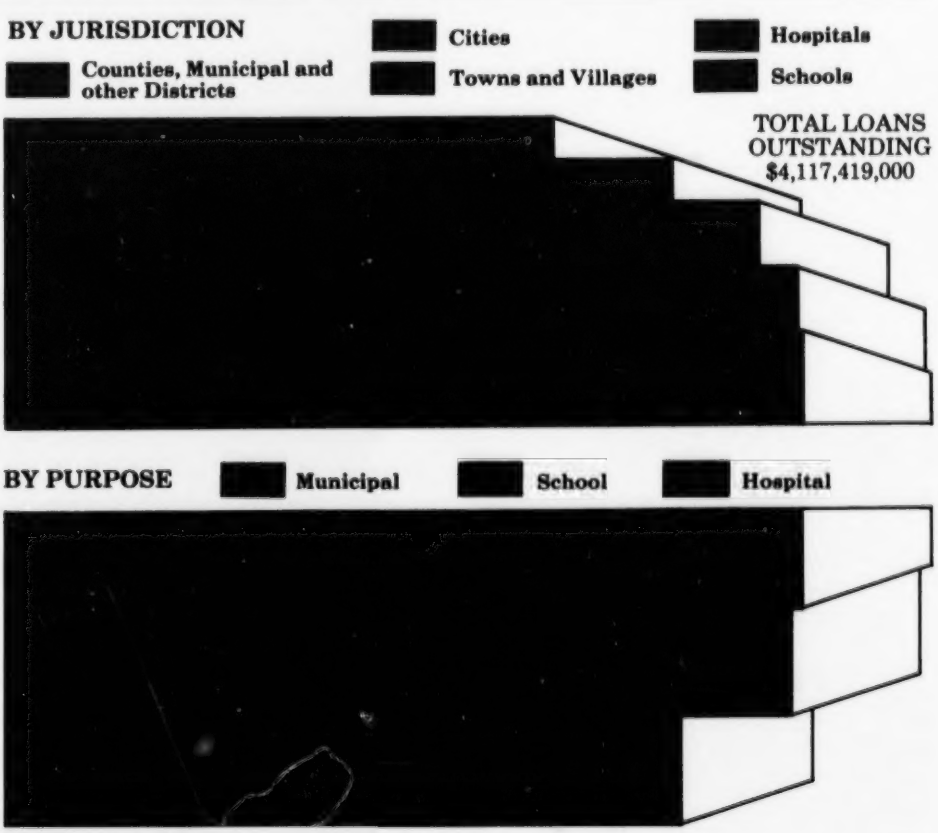
New Loans Issued

By Jurisdiction For the Five-Year Period 1978-1982
(millions of dollars)



Outstanding Loans

By Jurisdiction and Purpose As at December 31, 1982
(by percentages)



Schedule of Loans Outstanding

By Jurisdiction and Purpose As at December 31, 1982

(thousands of dollars)

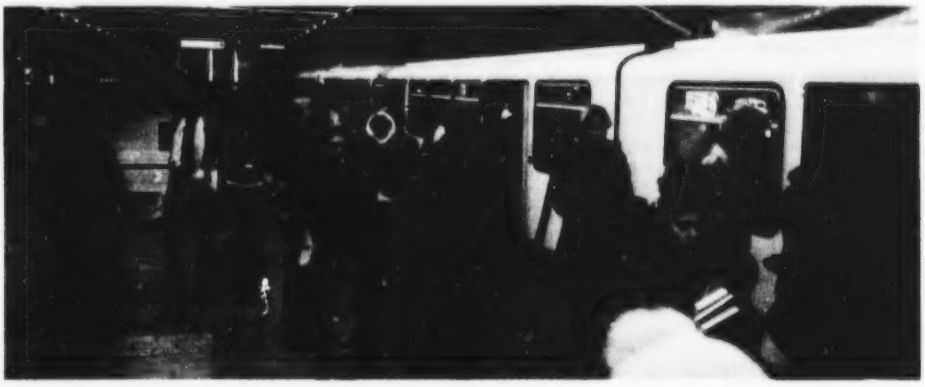
By Jurisdiction	Principal Outstanding Dec. 31, 1981	New Loans Issued 1982	Principal Repaid 1982	Principal Outstanding Dec. 31, 1982
Cities:				
Calgary	$ 821,337	$ 386,551	$ 24,740	$1,183,148
Camrose	12,003	5,949	327	17,625
Drumheller	7,113	1,127	256	7,984
Edmonton	1,077,514	370,000	29,470	1,418,044
Fort McMurray	8,005	8,580	530	16,055
Grande Prairie	29,162	18,837	852	47,147
Lethbridge	42,972	3,445	1,714	44,703
Lloydminster	1,846	16,189	174	17,861
Medicine Hat	39,333	16,569	796	55,106
Red Deer	54,794	17,897	4,376	68,315
St. Albert	23,921	9,930	460	33,391
Wetaskiwin	10,506	2,994	207	13,293
Total Cities	2,128,506	858,068	63,902	2,922,672
Towns	322,514	58,635	11,761	369,388
Villages	39,049	4,249	2,873	40,425
Counties:				
Schools	109,728	29,323	6,325	132,726
Other	49,463	5,803	2,008	53,258
Municipal districts	5,820	464	527	5,757
Improvement districts	2,949	3,047	34	5,962
Irrigation districts	—	2,216	—	2,216
Hospitals	7,047	800	1,604	6,243
School districts and divisions	450,953	157,183	29,364	578,772
	$3,116,029	$1,119,788	$118,398	$4,117,419
By Purpose				
Municipal	$2,542,719	$ 913,450	$ 80,959	$3,375,210
Hospital	11,047	19,332	1,646	28,733
School	562,263	187,006	35,793	713,476
	$3,116,029	$1,119,788	$118,398	$4,117,419

Ten-Year Review: 1973-1982

(thousands of dollars)

	1982	1981	1980
New loans issued during year:			
By jurisdiction:			
Cities	$ 858,068	$ 582,833	$ 521,309
Towns and villages	62,884	99,429	94,039
County, municipal and other districts	40,853	49,172	47,306
Hospitals	800	4,715	19,275
School divisions and districts	157,183	107,726	60,734
Total	1,119,788	843,875	742,663
By purpose:			
Municipal	913,450	688,728	639,491
Hospital	19,332	8,715	19,275
School	187,006	146,432	83,897
Total	1,119,788	843,875	742,663
Loans repaid during year	118,398	101,582	400,710
New debt issues sold during year	1,116,673	844,111	676,439
Outstanding debenture debt at December 31	4,645,360	3,529,752	2,693,913
Sinking fund assets at December 31	664,785	480,475	405,756
Retained earnings at December 31	229,856	128,105	121,928
Lending rate at December 31 (based on 20-year term)	13-1/4%	16-1/2%	13-3/4%

Urban Transit



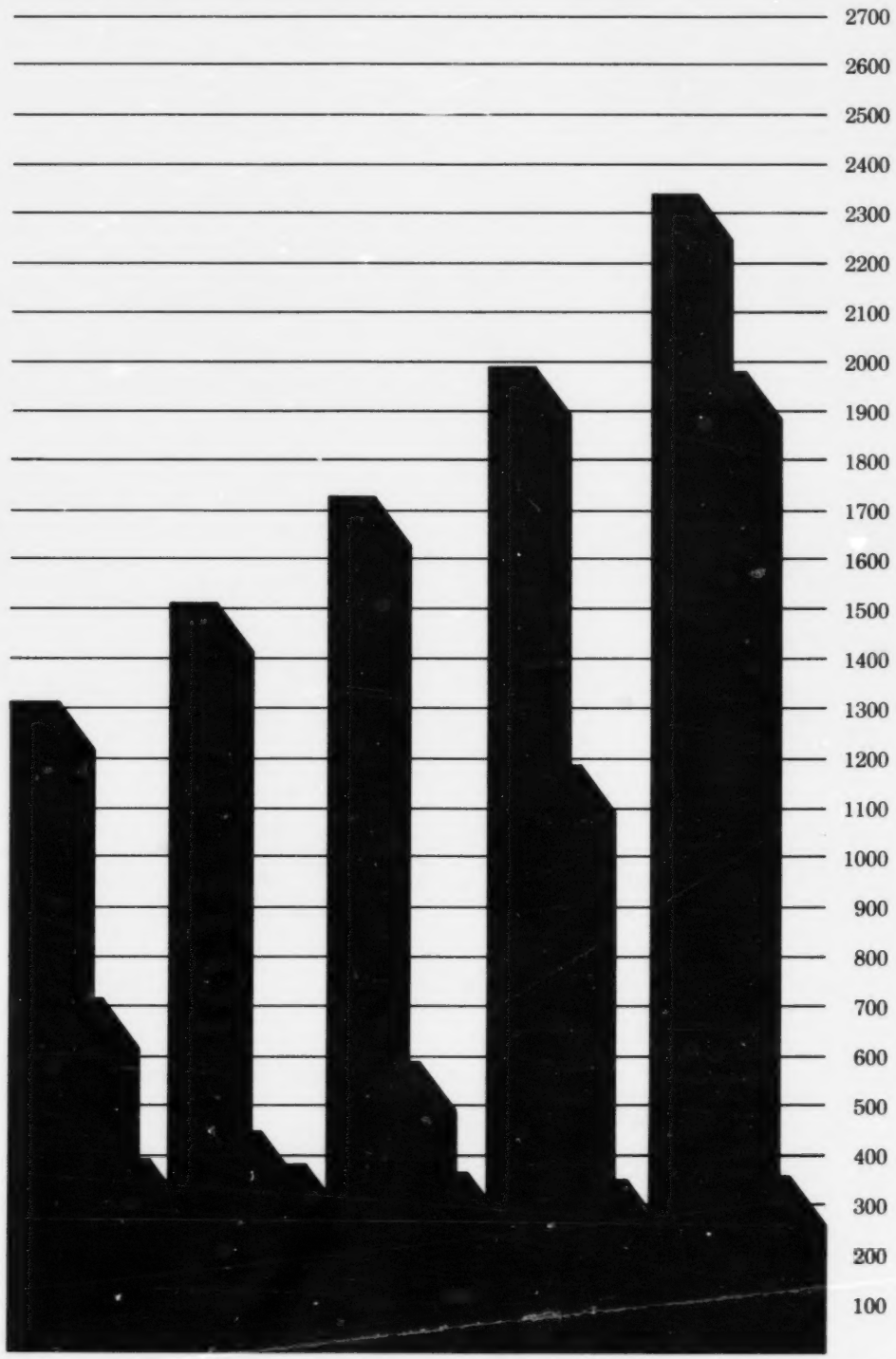
Edmonton's "LRT" (light rail transit)

1979	1978	1977	1976	1975	1974	1973
$ 333,727	$ 267,327	$ 239,524	$ 204,086	$ 205,427	$ 122,364	$ 49,674
89,837	62,036	52,134	56,003	31,588	13,342	7,799
18,206	14,820	12,975	15,895	12,361	5,231	2,665
74,316	51,686	25,462	35,522	14,051	11,073	5,668
41,893	22,980	37,258	39,595	18,228	13,092	8,952
557,979	418,849	367,353	351,101	281,655	165,102	74,758
432,637	336,457	294,856	263,716	239,717	138,723	57,877
76,316	53,808	27,956	43,522	19,051	11,073	5,668
49,026	28,584	44,541	43,863	22,887	15,306	11,213
557,979	418,849	367,353	351,101	281,655	165,102	74,758
669,655	91,227	76,794	62,900	54,284	48,701	45,838
461,392	469,576	343,413	422,179	275,007	156,497	85,433
2,338,364	2,407,159	2,047,806	1,714,167	1,401,459	1,160,996	1,027,387
359,266	329,917	271,432	223,546	185,436	155,475	128,458
102,919	103,787	83,173	64,353	48,898	38,603	29,644
12%	10-3/8%	9-1/4%	10%	10-1/2%	9-3/8%	8-1/4%

Calgary's "C-Train"

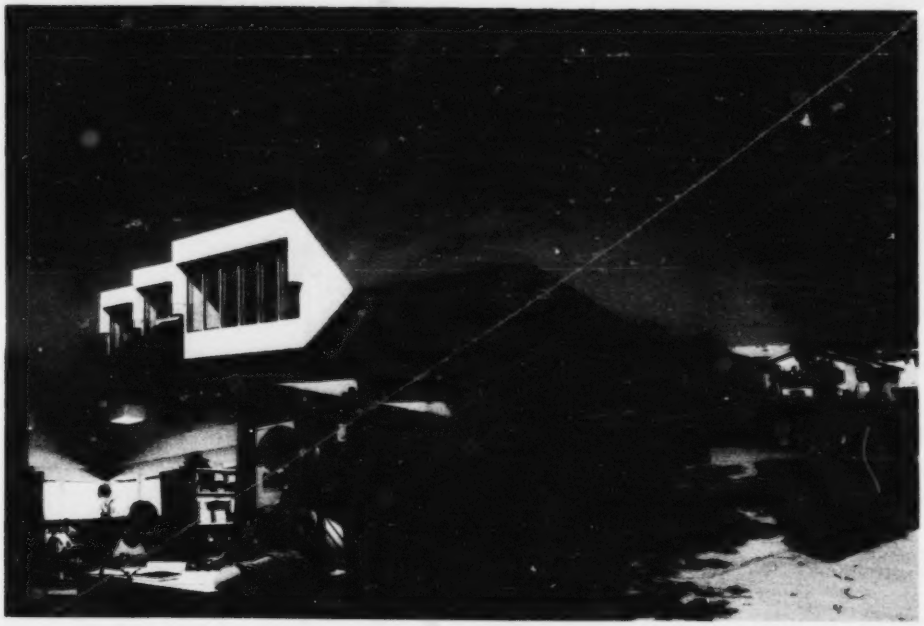
Analysis of Outstanding Debt

For the Five-Year Period 1978-1982
(millions of dollars)



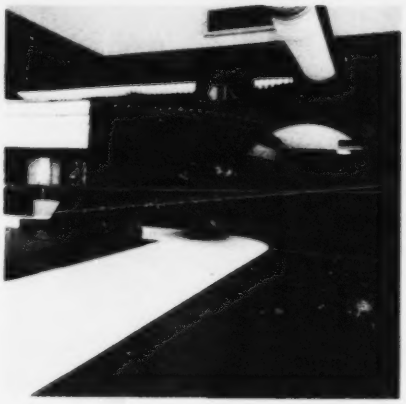
	1978	1979	1980	1981	1982
Total Outstanding	$2,407.2	$2,338.4	$2,693.9	$3,529.8	$4,645.4

Schools and Libraries



High River Library Complex

Caledonia Park School in Leduc (left) and Bev Facey Composite High School in Sherwood Park



Wetaskiwin Public Library